ABSTRACT

Corporate governance has been a foremost problem in the company since 1998. Some of the factors considered to be the source of the problem are external financing and ownership structures. From these factors, the authors conducted a study of the influence of the two factors that have been mentioned on corporate governance. Corporate governance in this study was measured using an index.

The data used in this study were in form of financial statements obtained from the Indonesia Stock Exchange with requirements every company has complete report during 2014 to 2018. The purposes in using data from Indonesia Stock Exchange is the listed companies’ shares widely traded hence trigger the writer's intention to examine more comprehensively.

Test results from this study prove that external financing has significantly positive effect. The ownership structure consisting concentration ownership and institutional ownership has different results. Concentration ownership is proven to have significant but negative effect on the corporate governance index while institutional ownership does not affect the corporate governance index.

Keywords: corporate governance index, external financing, ownership structure